

ORIGINAL

March 20, 2000

ERRATA

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RECEIVED**MAR 20 2001**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Initial Comments of WorldCom, Inc.
CC Docket No. 99-301

Dear Ms. Salas:

On March 19th, 2001, WorldCom, Inc. filed its initial set of Comments in the above-referenced proceeding. The Table of Contents, Summary Page and the Cover Sheet were inadvertently omitted. Please replace the Comments filed on March 19, 2001 with the attached complete copy of WorldCom's Comments.

We regret any inconvenience this may have caused.

Sincerely,



Karen M. Johnson
Associate Counsel

No. of Copies rec'd
List A B C D E

0 + 4

Before the
Federal Communications Commission
Washington, D.C. 20554

RECEIVED

MAR 20 2001

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

In the Matter of)
) CC Docket No. 99-301
Local Competition and Broadband Reporting)

COMMENTS OF WORLDCOM, INC.

Karen M. Johnson
Richard Whitt
1133 19th Street, N.W.
Washington, D.C. 20036
202-736-6453

March 19, 2001

SUMMARY

WorldCom generally supports the Commission's efforts to collect data concerning broadband services to assess the availability of advanced services. However, WorldCom believes that the benefit gained from the new information the Commission seeks to collect from its proposed expanded inquiry would most certainly be outweighed by its costs. The Commission should include data from all broadband service providers, including all ILECs (without a size or number of customers exemption), CATV operators, CLECs, DLECs, MMDS and other terrestrial wireless operators, and satellite operators. However, the Commission should ensure that the burden of any new broadband data request does not outweigh its usefulness in part by requesting annual, not semi-annual, reporting. The Commission should consider exempting reports from carriers who do not own transmission facilities that connect to end-users. The Commission should not collect data on private line services. Additionally, the Commission must reject the proposed presumption against confidentiality and ensure that any data collected and disclosed under this program is protected, particularly by releasing only aggregated zip-code data. Without such protections, the Commission may alter the competitive playing field and unintentionally create disincentives for competition.

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	ABSENT A SHOWING OF SEVERE ADMINISTRATIVE BURDEN BY SMALL PROVIDERS THE COMMISSION SHOULD ELIMINATE THE EXISTING BROADBAND THRESHOLD.....	2
III.	THE COMMISSION SHOULD NOT REQUIRE ANY FURTHER DISTINCTIONS BY USER CLASS.....	3
IV.	THE COMMISSION SHOULD DEVISE AN ACCURATE AND APPROPRIATE AVAILABILITY METRIC.....	4
V.	THE COMMISSION SHOULD NOT REQUIRE THE REPORTING OF PRIVATE LINES.....	6
VI.	THE COMMISSION SHOULD DISAGGREGATE ILEC AND CLEC DATA BY TYPE OF CARRIER.....	6
VII.	THE COMMISSION MUST KEEP THE REPORTING DATA CONFIDENTIAL.....	8
VIII.	THE COMMISSION SHOULD REDUCE THE NUMBER OF FORM 477 FILINGS TO ONE PER YEAR.....	9
	CONCLUSION.....	11

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Local Competition and Broadband Reporting)	CC Docket No. 99-301

COMMENTS OF WORLDCOM, INC.

I. INTRODUCTION

WorldCom, Inc., pursuant to the Second Notice of Proposed Rulemaking¹ in this docket, hereby submits its initial comments on the Commission's proposals relating to modification of its program to collect basic information about both the deployment and availability of broadband services and the development of local competition.²

Notwithstanding the existing availability of some local competition data for the Commission's review, WorldCom supports additional data collection related to broadband services to facilitate implementation of the accomplishment of the Commission's statutory mandate to assess the availability of advanced services. These collection efforts, however, must be consistent with the Commission's need for the information without unnecessarily harming carriers' ability to compete in the marketplace or risking disclosure of this competitively

¹ *Local Competition and Broadband Reporting*, Second Notice of Proposed Rulemaking, CC Docket No. 99-301 (rel. Jan. 19, 2001) ("Second NPRM")

² For purposes of this proceeding, the Commission uses the term "broadband services" to refer to those services that deliver an information carrying capacity in excess of 200 kbps in at least one direction. Second NPRM at ¶ 3. These services were also referred to as "high speed services" in the Commission's Second Report on Advanced Telecommunications Capability. *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996*, Second Report, CC Docket No. 98-146, FCC 00-290 (rel. Aug. 21, 2000)

sensitive information. Without such protections, the Commission may alter the competitive playing field and create disincentives for competition. Finally, the Commission should attempt to ensure that the burden of its broadband data request does not outweigh its usefulness.

In general, benefit gained from the new information the Commission seeks to collect from its proposed expanded inquiry would most certainly be outweighed by its costs. In assessing compliance costs, the Commission must take into account not only the costs of production, but also the potential disclosure of competitively sensitive information, the disincentives to new investment and innovation, and the consumer benefits lost because resources are mandated for monitoring rather than customer service.

II. ABSENT A SHOWING OF SEVERE ADMINISTRATIVE BURDEN BY SMALL PROVIDERS THE COMMISSION SHOULD ELIMINATE THE EXISTING BROADBAND THRESHOLD

In the Second NPRM, the Commission seeks comment on whether the existing broadband reporting threshold should be maintained, lowered, raised, or eliminated altogether. Currently, only facilities-based providers with at least 250 full two-way or one-way broadband lines in a given state must report broadband data.³ Absent a showing of severe administrative burden by small providers, the Commission should eliminate the existing broadband threshold.

Small LECs (particularly independent LECs) frequently will have far fewer than 250 broadband customers; however, these LECs serve precisely the geographic areas the Commission believes are underserved. In fact, the smallest LECs (those eligible for RUS funding) have been required by law since 1994 to provide information on their broadband local facilities whenever they expand or upgrade their network. Access to more complete information

³ *Local Competition and Broadband Reporting*, Order, 15 FCC Rcd 7717, ¶ (rel. Mar. 30, 2000)

about broadband subscribership in rural and sparsely populated areas would assist the Commission in assessing the sufficiency of existing subsidy programs.

However, should small carriers prove that lowering or eliminating the threshold would not provide significantly more information regarding broadband deployment, the current threshold should be maintained. This requirement may impose severe administrative burdens on these firms while providing, at best, marginal addition to the information the Commission would get under its current reporting threshold. The Commission should continue to recognize that the benefit from collecting information from very small carriers on a regular basis might outweighed by the burdens and the costs that would be incurred by the smaller entities.

III. THE COMMISSION SHOULD NOT REQUIRE ANY FURTHER DISTINCTIONS BY USER CLASS

The Commission seeks comment on whether broadband providers should be required to report subscribership information according to three user classes: 1) residential users; 2) small business users; and 3) large business and institutional users. For ILECs, the business/residential customer reporting distinction is a necessary part of billing information, given that these customers have traditionally been charged different prices for the same service due to historical ILEC practices. CLECs, however, because they have never been subject to customer class price regulation, often do not collect and report lines-in-service data in this format.

Today, most competitive providers market and price their services based on costs, capacity, and customer usage, rather than regulatory distinctions, such as customer class. Often, even a carrier that provides service directly to the end user cannot track whether its lines are provisioned to business or residential customers. Therefore it is unreasonable to expect these entities to conform their data to a regulatory construct that never applied to them. CLECs have

no reason to keep records of their customers by a residential/small business/large business and institutional designations because they simply bill their customers by service plan selected.

Any reporting requirement that forces competitive carriers to collect data they do not otherwise collect is inefficient and burdensome. To comply with all of the requests the Commission may consider here, some carriers would be forced to undertake the monumental task of developing new comprehensive reporting systems from scratch. While most of the information the Commission is requesting may reside within the various data stores of a carrier, it is highly unlikely that such information could be produced without extensive database cross-correlation and manipulation. This would necessarily require the diversion of people and resources from the development of systems used in the marketplace – a diversion of resources that produces no direct value for consumers. Moreover, the associated costs that all CLECs would have to shoulder would be significant. Changes in billing information and designations by class of service require internal OSS-type modifications that are simply too costly to justify for reporting purposes only.

IV. THE COMMISSION SHOULD DEVISE AN ACCURATE AND APPROPRIATE AVAILABILITY METRIC

The Commission tentatively concludes that broadband providers should report data on the availability of advanced services, in addition to actual subscribership data.⁴ While WorldCom generally agrees that a metric identifying broadband service “availability” would be useful, the Commission must first devise an “availability” metric that provides the necessary comparability and administrative efficiency among all reporting broadband providers.

In considering the type of measurement used to calculate availability statistics, however, the Commission should consider that such measurements would likely impose significant

burdens on certain groups of reporting broadband providers. For instance, while WorldCom could potentially support a measurement of broadband service availability tracking “homes passed,” the Commission must recognize that most CLECs’ broadband service “availability” is dependent in large part upon whether xDSL services can be offered over the ILEC’s local loop to any particular home. In these cases, CLECs would not be able to accurately report on the availability of its broadband services by calculating the number of “homes passed.”

While the “homes passed” standard may prove to be the correct measure for CATV operators and ILECs, wireless providers face a different challenge. MMDS providers must have line of sight between their tower and the subscriber. Frequently, a customers located at greater distances from the broadcast tower can be served, while customers located closer to the tower may be blocked by hills, buildings, or other obstacles. Similarly, satellite service providers may offer a national coverage footprint, but only if the subscriber has a clear view of the “southern sky.”

Therefore, the Commission must, with specificity, construct comparable definitions of “availability” addressing each broadband technology, individually and in the aggregate. To neglect this very important step, opens the door to disparate and self-serving interpretations that will render any such “availability” metric valueless.⁵ Furthermore, the Commission needs to set forth specific rules for interpreting and applying these definitions.

Because of the difficulties surrounding the Commission’s proposed availability metric, WorldCom suggests that the Commission continue to solicit proposals that are designed to track

⁴ Second NPRM ¶ 20.

⁵ It would be similarly inappropriate for the Commission to develop a data “availability” requirement that would permit an entity -- or group of entities -- to mislead regulators about the true availability of their broadband services. For example, an imprecise “availability” reporting requirement could provide ILECs with the incentive to skew “availability” numbers that, when compiled, misrepresents the true state of advanced services competition.

availability in a manner that will provide accurate and useful data, without subjecting reporting broadband providers to inappropriate and inaccurate reporting requirements.

V. THE COMMISSION SHOULD NOT REQUIRE THE REPORTING OF PRIVATE LINES

In the Second NPRM, the Commission seeks comments on whether information about the availability of broadband private lines that connect multiple locations of one customer should also be collected. The Commission anticipates that carriers possess information about the users of a particular service that simply may not be attainable. Often, even the carrier that provides services directly to the end user may not have configured its internal customer identification system to provide this data. WorldCom is especially concerned about any reporting requirement that would force it to ask for more information from its customers about the customer's intended use of the broadband service. If the reporting requirements included private lines that do not terminate on the PSTN, the reporting requirements will encompass a host of formerly unregulated data, Internet, and application service providers. For these reasons, the Commission should not include private lines in its reporting requirements.

VI. THE COMMISSION SHOULD DISAGGREGATE ILEC AND CLEC DATA BY TYPE OF CARRIER

While the Commission gathers Form 477 information on deployment of advanced services, such as DSL, from both ILECs and CLECs, nowhere does the Commission actually publicly report this vital competitive information. In its latest report on local telephone competition, for example, the Commission only releases Form 477 data showing CLEC and ILEC deployment generally of local telephone services, which primarily consists of voice service

at the present time.⁶ On the other hand, the Commission's *Trends in Telephone Service* report -- which is based on Form 477 data about "subscriberhip to high-speed services, including advanced services, from wireline telephone companies..." and other entities -- does not bother comparing ILEC and CLEC deployment of DSL.⁷ In other words, despite the fact that the FCC already requests and receives the pertinent data, neither the local competition report nor the advanced services deployment report show the actual state of DSL competition.

In WorldCom's view, the Commission's omission, deliberate or otherwise, represents a missed opportunity to demonstrate the extent to which the ILECs are dominating the DSL market, especially for residential and small business customers. It is no secret that the data CLECs currently are in serious financial jeopardy and are quickly pulling out of markets all over the country. At least part of their problems can be attributed to regulatory impediments, such as excessive UNE pricing, collocation delays, bad OSS, and lack of line sharing. At the same time, the ILECs show every indication of stepping up their dominance, going so far as to substantially raise retail consumer rates.⁸ Even if the Commission somehow lacks any curiosity about the prospects, or lack thereof, for competition in the DSL market, the American public deserves to fully understand the competitive debacle now occurring on the Commission's watch.

Thus, WorldCom requests that the Commission's future public reports on local competition and broadband subscribership include substantive data (e.g., number of lines, revenues) demonstrating the relative deployment of DSL by ILECs and CLECs. To the extent possible, these figures should be further broken down into business and residential categories.

⁶ Federal Communications Commission, Industry Analysis Division, Common Carrier Bureau *Local Telephone Competition: Status as of June 30, 2000*, December 2000.

⁷ Federal Communications Commission, Industry Analysis Division, Common Carrier Bureau, *Trends in Telephone Service*, December 2000 at 1.

⁸ For example, SBC recently raised the price of its DSL service in Texas by \$10.00. Vikas Bajaj, *SBC Increases Price for High-Speed Access*, The Dallas Morning News, Feb. 1, 2001 at 11D .

VII. THE COMMISSION MUST KEEP THE REPORTING DATA

CONFIDENTIAL

The Commission seeks comment on whether the Commission should establish a rebuttable presumption that some or all of Form 477 data does not typically meet Commission standards for competitively sensitive information.⁹ WorldCom cannot emphasize strongly enough that the information the Commission seeks is extremely competitively sensitive. Therefore, the potential sharing of competitively-sensitive information with academics and others would be directly contrary to the intent of the Telecommunications Act of 1996 and could, in fact, impede local competition and stunt innovation by devaluing the reward of new entry.

There is little information that is guarded more closely by a newly-developing competitor, especially when facing an entrenched monopolist, than its subscriber or access line counts. Carriers simply cannot afford to have this information in the hands of their competitors. The information currently requested by the Commission potentially reveals where a carrier's customers are located, how many there are, and even a carrier's capabilities.¹⁰ In fact, the current reporting requirements may allow competitors to deduce a market participant's competitive capabilities and cost structures. This information is particularly valuable to the incumbent monopolists and permits them to better understand the entry strategy of an emerging rival.

For competition in the local market to be successful, the Commission cannot permit its reporting requirements to negate the benefits of healthy competition and require CLECs to disclose sensitive commercial information. Incumbents closely monitor new entrants. Thus, the publishing of such competitively-sensitive data in a non-aggregated manner and the disclosing

⁹ 47 C.F.R. § 0.459(d).

¹⁰ See, e.g., Federal Communications Commission, Industry Analysis Division, Common Carrier Bureau *Local Telephone Competition: Status as of June 30, 2000*, December 2000; Federal Communications Commission, Industry Analysis Division, Common Carrier Bureau, *Trends in Telephone Service*, December 2000.

the identity of particular providers would be a windfall for incumbents. Release of such information would have little effect on the ILECs. There is never more than one ILEC per zip code. Many CLECs, however, offer service in small geographic clusters within a state. Frequently, there may be only one or two CLECs per zip code. Because the Commission needs data by zip code to assess the availability of broadband services, WorldCom suggests that the FCC never publicly release data collected under this reporting requirement disaggregated by type of carrier.

The Commission must, at a minimum, maintain the current level of confidential protection of the information it collects under this reporting requirement. By failing to treat such proprietary information as routinely confidential, the Commission will be allowing competitors to use the Commission's data collection process as a means of targeting the very companies the Commission hopes to nurture. The waning DLEC market should serve as an indicator to the Commission that market deployment and strategy is critical to a company's survival and must be kept confidential.

VIII. THE COMMISSION SHOULD REDUCE THE NUMBER OF FORM 477 FILINGS TO ONE PER YEAR

WorldCom believes that annual reports represent the most logical time frame for submission of data by competitive carriers. Congress itself mandated annual Commission reports on broadband deployment. Annual reporting, therefore, permits the Commission to comply efficiently with this Congressional directive. If the Commission were to adopt quarterly reporting requirements, new information would come in directly on the heels of previous submissions. At the same time, the resources of competitive market participants would be drained. Annual reporting requirements should reasonably balance the burden on providers and the provision of

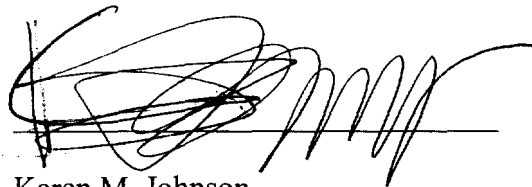
timely data to the Commission. Annual reports will provide the Commission with a series of snapshots of the relevant markets that will be sufficient to determine whether shifts in commission policy are required. Given the time it takes to implement significant policy changes, requiring additional reports each year adds little value to the Commission's statistical knowledge, while requiring significant financial and employee-hours costs to CLECs.

CONCLUSION

WorldCom generally supports the Commission's efforts to collect data concerning broadband services to assess the availability of advanced services. The Commission should gather data from all broadband service providers, including all ILECs (without a size or number of customers exemption), CATV operators, CLECs, DLECs, MMDS and other terrestrial wireless operators, and satellite operators. However, the Commission should ensure that the burden of its broadband data request does not outweigh its usefulness in part by requesting annual, not semi-annual, reporting. The Commission should consider exempting reports from carriers who do not own transmission facilities that connect to end-users. The Commission should not collect data on private line services. Additionally, the Commission must ensure that any data collected and disclosed under this program is protected, particularly by releasing only aggregated zip-code data. Without such protections, the Commission may alter the competitive playing field and unintentionally create disincentives for competition.

Respectfully Submitted,

WORLDCOM

A handwritten signature in black ink, appearing to read 'K. Johnson', written over a horizontal line.

Karen M. Johnson
Richard Whitt
1133 19th Street, N.W.
Washington, D.C. 20036
202-736-6453

Dated: March 19, 2001

Certificate of Service

Comments of WorldCom, Inc.

Peyton Wynns, Chief *
Industry Analysis Division
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Thomas J. Beers, Deputy Chief*
Industry Analysis Division
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dr. Ellen Burton*
Industry Analysis Division
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Suzanne McCrary* (2)
Industry Analysis Division
Federal Communications Commission
445 12th Street, S.W.
Sixth Floor
Washington, D.C. 20554

Judy Boley*
Federal Communications Commission
Room 1-C804
445 12th Street, S.W.
Washington, D.C. 20554

Edward C. Springer*
OMB Desk Officer 10236 NEOB
725 17th Street, N.W.
Washington, D.C. 20554

ITS*
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554